

The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

VOLUME VI, NUMBER 39

WASHINGTON, D. C.

June 14, 1937

U. S. Opinion Split On Spanish Conflict

**Propagandists Attempt to Induce
Americans to Take Sides in
European Controversy**

ENDANGER OUR NEUTRALITY

**But Administration Refuses to Be
Swept Into Precipitate Ac-
tion Despite Pressure**

If a poll of the American people were taken today, undoubtedly an overwhelming majority would favor a policy of strict neutrality in a European conflict. Unless the United States were threatened with invasion, we should steer clear of any act likely to draw us into another general war. So strongly entrenched has this desire for strict neutrality become that special laws have been passed by Congress designed to keep us out of war. Despite all the precautions that have been taken, however, there is danger that, should the Spanish civil war spread to a general European struggle, the United States would have a difficult time keeping out of the fray.

Elsewhere in this issue of THE AMERICAN OBSERVER (page 6) we point out that the same attitude prevailed at the outbreak of the World War. Officially, we proclaimed our neutrality and the President made a stirring appeal to the American people to remain neutral in thought as well as action. Nevertheless, it was only a short time before the people were definitely lining up with one of the belligerents or the other. They secretly hoped for a victory for the Allies or for a German victory. Emotional neutrality was thrown to the winds. Even the government was swept by the current, and while it should have remained wholly aloof, remaining friendly with both belligerents, it was adopting a course which favored one side at the expense of the other.

Same Influences Felt

It is useful to recall this previous experience in examining the present Spanish situation, for there is every reason to believe that the same influences will make themselves felt in the case of another war. As a matter of fact, the same influences are today coming into play. They may be taken as straws in the wind, and while they are by no means so marked as during the years 1914-1917, they will surely become more intense if the war flames in Europe spread beyond the present bounds.

Already the American people are being subjected to a barrage of propaganda with respect to the European situation. Dozens of organizations have sprung up with the sole purpose of influencing public opinion to favor one side or the other in the Spanish fray. The wheels of propaganda are grinding out pamphlets, books, news releases, prepared editorials, which are widely disseminated throughout the nation. Many of these are obviously distortions of fact; others are more subtle attempts to stir up emotions and kindle hatreds. Many of the old slogans which were used so effectively during the early days of the World War are being revived and publicized. Religious prejudices are again being brought into play. Tales of atrocities on both sides sounding ominously like those which stirred the American people to such heights of anger 20 years ago are again going the rounds. The Spanish war is rapidly assuming all the trappings of a holy

(Concluded on page 8)



A VILLAGE IN SOUTHERN FRANCE

An Object Lesson

It is with feelings of revulsion and anger that decent people, all over the world, read of the persecution of the religious and racial elements in Germany. The acts of tyranny and suppression directed against Catholics, Lutherans, and certain political dissenters are repellent to those who believe in democracy and freedom. After taking account of every mitigating circumstance, dispassionate judgment cannot vindicate the terrorism which prevails in Germany; cannot excuse the refusal of Germans to treat human beings as such—the insistence of the Nazis upon acts of cruelty inflicted upon individuals because of race or creed or belief.

While we Americans may look with abhorrence upon these German persecutions, there is not much we can do about it. Even if we went to war and conquered the Germans completely, we could not thereby alter their ideals and purposes, as the recent war to end German militarism pretty definitely indicates. But we may gain something by seeing from the outside how ugly acts of repression and brutality are. If we cannot prevent these acts in other countries, we can see to it that we ourselves are not guilty of similar injustices. We, too, have our minority problems. We are not always overcareful of the human rights of Negroes, of our imported Mexican workers, of several other racial elements, or of certain unpopular political minorities. We can scarcely claim that every Negro in America is accorded the justice due an individual human being. The Negro who is competent and ambitious and public-spirited suffers a severe handicap in most American communities. It is by no means certain, for example, that if he should undertake to realize his economic possibilities as determinedly as German Jews do, he would receive better treatment than they receive. It is not at all certain that life and liberty would be respected among the Mexican workers if they should rebel against the inhuman conditions which prevail among them. And we must confess that those who hold unpopular political ideas and who undertake to express their sentiments are not physically safe in every American community. If we are indignant over German outrages, we have an opportunity to give expression to our inner longing for justice. We can act for our ideals without leaving our own country.

French Mark Year of Popular Front Rule

**Blum Cabinet Has Enacted Far-
Reaching Program of Eco-
nomic Reform**

GOVERNMENT SEEMS STABLE

**But Future Remains Clouded Owing to
Possibility of Discord Among
Supporting Factions**

When a French premier remains in power for more than a year it is news. The high mortality rate of cabinets in France—there have been 100 different ones since 1870—is probably the most widely known fact about French politics. The numerous and frequently disagreeing political groups in the Chamber of Deputies have in the past assured the average French cabinet of a short, and never a merry, life. It was the late Will Rogers who once remarked that when in Europe he made it a practice of going to Buckingham Palace in London every day to watch the changing of the guard, and then of rushing over to Paris to witness the changing of the government.

Thus it becomes a matter of considerable importance to France and to Europe that Leon Blum has passed his first anniversary as premier and that, according to present indications, there are no signs of his being displaced in the near future. For the first time since 1926, when Raymond Poincaré came forward to reestablish the government's stricken finances, the French people are under a government which can make a claim to stability. True, it is an uneasy stability with many question marks for the future, but the record so far, at least, is much better than that of most French cabinets.

Time of Crisis

Like the Poincaré government of 1926 Leon Blum came into power in a time of crisis. Poincaré was summoned to the premiership as a "strong man" for the purpose of ending the financial panic which had caused the French franc to tumble in value. He was of the "Right," a conservative, and he formed a government of National Union, including in it six former premiers, and with practical dictatorial powers he rehabilitated the franc and placed France on the road to prosperity.

But the crisis which gave Leon Blum his opportunity was more deep-seated than that of 1926. It reached down into the economic roots of France and menaced the very principle of democratic government. Competent observers are of the opinion that had it not been for the Blum government, France would already have come under some sort of fascist system.

It was, in fact, the fear of fascism on the part of French workers and peasants that brought Blum into power. In order to make this clear it is necessary briefly to sketch in the background.

When ill health forced the retirement of Poincaré in 1929 France was riding high on a wave of prosperity. It seemed that the period of postwar difficulty had been surmounted and the French people looked forward to a rosy future. But it was not long before new troubles began to accumulate. The effects of the world-wide depression began to weigh on the economic situation. Dissatisfaction with the government's policies brought frequent downfall to the cabinets, dominated generally by the conservatives. With the growing intensity

of the depression, and the renewal of financial problems, discontent mounted and finally in 1932 culminated in a swing toward the "Left." In the elections of that year the Chamber of Deputies came under the control of the more liberal groups in the Chamber which had dominated it prior to 1926. Chief among these were the moderate Radical Socialists.

But the moderates and liberals had no better luck than their more conservative predecessors. Budget deficits mounted, unemployment increased, trade fell off. And to make matters worse, there were scandals involving government and parliamentary officials. By 1934 the prestige of the French government was at a low ebb.

On February 6, 1934, the famous riots in the streets of Paris took place. The origin of this disturbance is still a disputed matter, but French workers and peasants, who are for the most part "Left" in their political attitude, are convinced that an attempt was made on the part of fascist-minded groups to seize the government. In subsequent months this fear was increased by the growing prominence of the Croix de Feu, an organization of war veterans accused of having fascist intentions similar to those of Hitler's Brown Shirts.

Popular Front

This apprehension resulted in the formation of the Popular Front on July 14, 1935, which in France is Bastille Day, equivalent to the Fourth of July in the United States. The Popular Front was a union of liberal and radical groups, including the Socialists and the Communists, organized for the purpose of combating



JACQUES DORIOT WIDE WORLD

fascism, and particularly the Croix de Feu. It gained rapidly in power and in the parliamentary elections of April and May, 1936, it won an impressive victory. It was this victory which, on June 4, 1936, brought Leon Blum, leader of the Socialist party, to the premiership.

Since then, France has passed through an amazing period of political activity. Under the leadership of Blum, the Popular Front has introduced a series of reforms which have sought to make a basic attack on France's financial, economic, and social problems. His program is sometimes called the French "New Deal," and in some respects there is a similarity to the policies which have been adopted in the United States.

That action was necessary no one

doubted. In the spring of 1936 France was swept by a wave of dissatisfaction resulting from the policies of the governments which had been in power since 1934. The February riots of that year had led to the formation of a new cabinet of National Union, again with six former premiers in its ranks. Under the leadership of the conservative Doumergue and of his successors, Flandin, Laval, and Sarraut, it sought to cope with France's problems in a manner somewhat comparable to the policies of the Hoover administration in the United States. These policies did not please the masses of the French people, and there was a new wave of discontent. As Leon Blum came into office, the dissatisfaction had resulted in an outbreak of sit-down strikes which threatened to paralyze the life of the nation. A million workers sat down at their machines and refused to budge until their



MAURICE THOREZ

demands were met. In Paris alone some 200 factories were occupied by the strikers. The government's first task was a gigantic one. Blum, however, managed to avoid violence. He brought the workers and their employers together, got them to arrive at an agreement, and immediately had the agreement confirmed in the Chamber of Deputies. Legislation was enacted providing for a 40-hour week, paid vacations, collective bargaining, and a wage increase of seven to 15 per cent.

Blum Program

By these reforms the government succeeded in bringing the industrial unrest to an almost complete halt. Yet this was only the beginning. There still remained more fundamental problems to solve. Both Popular Front enthusiasts and its opponents agree that the economic crisis in France had become intolerable in the spring of 1936. Though England and the United States were then experiencing a notable recovery, conditions in France continued to grow worse. Wages had fallen by as much as 25 per cent. Farmers could not readily dispose of their crops. Deficits had been mounting year after year so that by 1936, more than one-third of the government's income had to be paid out as interest on its debt. Unemployment, normally rare in France, was increasing. The number of persons whose income was taxable had dropped from almost 3,000,000 in 1928 to less than 2,000,000.

In many ways, the difficulties confronting Blum were similar to those confronting President Roosevelt in 1933. And as has been pointed out, Blum took steps to solve them that were also similar to those the President took. Since fully half the French nation is engaged in agriculture, he felt that it was necessary first of all to raise agricultural prices. If the farmers, he reasoned, could get good prices for their products, they would be able to buy the things made by industry. Likewise, if the wages of the workers were raised, they would be able to buy the products of the farms. With this in view, the Blum cabinet established a wheat board, in purpose not unlike the AAA of the New Deal. Surplus wheat was taken over by the government and the price thus artificially boosted. Moreover, the Popular Front embarked upon a spending program. Wages of gov-



LEON BLUM

ernment employees, reduced 15 per cent by the preceding cabinets, were once again raised. The cuts made in veterans' pensions were restored. A public works plan, to provide employment for the idle, was mapped out. To restore the almost vanished export trade and encourage tourists to come to France, the franc was devalued. Once again to draw the comparison with the New Deal, the Popular Front sought, in brief, to increase the purchasing power of the nation and to spend its way to prosperity.

Though these were the chief reforms, they were by no means the only ones. The Bank of France, previously controlled by a handful of powerful industrialists, was brought more directly under government supervision. In answer to a widespread demand that profits be taken out of war, the munition factories were nationalized. The French railroads passed into the hands of the government. Abuses which had crept into the French press were removed. Finally, the fascist leagues, including the Croix de Feu of Colonel François de la Rocque, were forced to abandon their military character.

The Future

Has the "French New Deal" been a success? How long is it likely to last? These questions are being asked every day, and it is said there are as many answers as there are Frenchmen. A large part of the French people will admit that industrial unrest has ceased. The workers are laboring under better conditions than ever before. Farm prices have witnessed an appreciable rise, and though the farmer may grumble a bit, he is actually so pleased with the wheat board that he asks why other products should not also be controlled. In addition, the export trade has been revived, and Paris, it is said, was never so gay with throngs of tourists as it is this summer.

Notwithstanding these facts, both the friends and opponents of the Popular Front find a good many items on the debit side of its ledger. It is charged first of all that though wages have been increased, the resulting increase in costs of production and the price of goods has been such as to make the wage increase more apparent than real. The Radical Socialists, though they have thus far supported Blum, are displeased because these rising prices work a particular hardship on the large number of middle-class merchants and small manufacturers whom they represent. The Communists declare that the government has retreated from its progressive aims. Last winter, in response to the clamor from the big business interests and in order to obtain a loan for armaments, the cabinet put the brakes on its reform program and announced a "breathing spell." Instead of continuing to spend liberally, it narrowed the scope of the public works projects and in a measure reversed its financial policy by promising the bankers that it would try to balance the ordinary budget (as in the case of the New Deal, the government kept two separate budgets). In reality, if not in form, the Bank of France was returned to the hands of the small group which had always controlled it. At the same time, the Communists have attacked the government's foreign policy, particu-

larly its refusal to send help to the loyalists in Spain.

Taking into account all this criticism, whether valid or not, it would seem that the Popular Front is going to have an extremely difficult time in the coming months. Though the fascist leagues have been outlawed, they have reappeared as political parties. The French Popular party, led by Jacques Doriot, a former communist, has been especially active in recent months and has just acquired a newspaper which will insure it a large audience. Doriot, by making capital out of the government's shortcomings, hopes to disrupt the coalition supporting it.

Cabinet's Strength

Yet the very fact of Doriot's growing influence is taken by other observers as assuring the strength of the Blum ministry. They argue that much as the Radical Socialists may, among themselves, condemn certain of the government's policies, they are by no means prepared to withdraw their support. The Radical Socialists fear that if the present cabinet should fall, democratic government in France would appear so discredited as to let loose a surging fascist tide. It is the same fear that keeps the Communists from withdrawing their support. No one has been more unsparing in his criticism of the present cabinet than Maurice Thorez, the Communist party chief. Still, he has explicitly stated that his followers will remain in the Popular Front.

In any event, it may be accepted as almost certain that no radical changes will take place until after the close of the Paris Exposition in the autumn. President Lebrun, for his part, has asked all factions to accept a truce for the duration of the fair, a request they are likely to heed. Premier Blum and his colleagues expect a good deal from the exposition, including a reduction in the number of unemployed and a rise in trade. Much to their disappointment, the exposition is lagging far behind the plans. A number of the buildings are not yet completed, with the result that visitors are not flocking the gates in such hordes as had been anticipated. Comparatively trivial as it may seem, the success or failure of the fair may materially affect the immediate future of the Popular Front.



FRENCH WORKERS—BACKBONE OF THE POPULAR FRONT

The American Observer

A Weekly Review of Social Thought and Action

Published weekly throughout the year (except two issues in December and the last two issues in August) by the CIVIC EDUCATION SERVICE, 744 Jackson Place, Washington, D. C.

Subscription price, single copy, \$2 a calendar year. In clubs of five or more for class use, \$1 a school year or 50 cents a semester.

Entered as second-class matter Sept. 15, 1931, at the Post Office at Washington, D. C., under the Act of March 3, 1879.

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AROUND THE WORLD



ITALY BUILDS ROADS IN ETHIOPIA

True to Italy's promise to bring the benefits of civilization to Ethiopia, Italian engineers are constructing this road from Addis Ababa to Gimma. Natives on the right are using the old path.

Spain: International tension, which a fortnight ago flared almost to the bursting point as the result of a skirmish between Spanish government planes and a German battleship, seems to have subsided for the time being. By its bombardment of the loyalist seaport town of Almeria, Berlin has announced, its honor has been redeemed and no further reprisals are being planned.

With the atmosphere thus less charged, the British government has set to work on the draft of proposals which would insure the return of both Germany and Italy to active participation in the work of the non-intervention committee. In order to satisfy the demands of these powers, which withdrew from the committee immediately after the Almeria incident, the British suggest that each side in the civil war set apart safety zones for the foreign ships patrolling the Spanish coasts. In case of an attack upon any of these ships, it is further suggested, the four powers participating in the patrol work should consult upon the action to be taken. At the time of writing, the reports from Europe say that Hitler and Mussolini are willing to listen to these proposals but it is not clear whether they will agree to the terms drafted by the British.

On the actual fighting front, there were indications that the recent stalemate may soon be broken. The rebel forces sustained a discouraging blow when General Emilio Mola was killed in an airplane accident. General Mola, second in command of rebel Spain, had been in charge of the armies operating in the north, and his death has made the rebels more determined than ever to bring the war to an end. Consequently, General Franco has moved 14,000 additional troops from Spanish Morocco to the Bilbao front. The loyalist command is equally determined to crush the rebels, and according to reports is preparing to throw, as soon as the time is ripe, an additional half million men into the war.

Norway Representatives of seven nations, meeting at Oslo, have arrived at a trade agreement which, though distinctly limited in scope, is attracting international interest for the light it may shed on the problems of international trade. The powers signing the pact include Belgium, Holland, Luxemburg, Finland, Denmark, Sweden, and Norway. The chief provision of the treaty calls for the removing of trade restrictions and import licenses on materials and for the stabilization of tariffs.

Both American and European statesmen have maintained that world problems can

best be settled through the free movement of trade from one country to another. The difficulty all this time has been to get the nations to embark upon an experiment and determine the accuracy of this argument. Should the governments who have signed the Oslo agreement find that it really operates to the advantage of each, it is not impossible that larger powers, including England, the United States, and France will at least make an effort themselves to arrive at a similar arrangement. That the experiment has aroused considerable interest may be seen in the decision already made to hold another conference at Copenhagen in October, at which time, if the treaty has worked well, other nations will be invited to cooperate.

England: Within a few days, the imperial conference, which has been taking place in London since the coronation, will adjourn, apparently without great accomplishment to its credit. Day after day, the dominion premiers have been meeting together with the British government. There has been no lack of good fellowship. The delegates have again and again pledged their loyalty to the king and have agreed that world peace is a desirable thing.

Apart from these sentiments, however, only one concrete understanding has resulted from the conference: the necessity for a scheme of pooling all the resources of the empire in case of war.

To all other questions on the agenda, the separate interests of the dominions

posed obstacles which made agreement impossible. There was the question of a trade treaty between England and the United States, which the British government was most anxious to arrange. At first, the Canadian delegation looked favorably upon such a treaty; but upon learning that it involved the British purchase of American wheat, it demurred. The treaty has not been abandoned as yet, but the Canadian objection illustrates the hurdles that must be jumped at every step.

Each of the dominion governments has attempted to bring its pet subject to the conference. South Africa, whose gold mining is one of her major industries, wanted the British government to guarantee the present gold policy by which the United States, England, and France are purchasing gold at high prices. New Zealand and Australia, which lie in the orbit of Japanese influence, wanted the government to arrange a general Pacific pact, so that their trade would not meet with rife competition from Tokyo.

Though the fact is not openly admitted, British statesmen are not a little disappointed with the conference. In view of the new status of the dominions, which are now virtually independent in both domestic and foreign affairs, London hoped to cement its far-flung peoples through the medium of cooperative action. As it is, the dominions seem willing to cooperate only to the extent that they derive trade advantages or protection from the mother country.

Germany: With the outbreak of street fighting in Munich, last week, the struggle between the Nazi government and the Catholic church entered a new and more dangerous phase. Until then, though the government had thrown a large number of priests into jail and had allegedly violated the agreement with the Vatican, the church had responded only by making protests from the pews. The exchange of fists between the Hitler youth and members of the Catholic youth organizations, provoked by the arrest of priests as the latter emerged from religious services, was the first time that violence had flared.

The fighting did not have the sanction of the church authorities. In fact, according to reports, they did all in their power to calm the ruffled nerves of the young people. Yet, because the incident arose spontaneously, observers take it to mean that the battle between church and state will no longer be confined to an angry exchange of words. On either side, the mood appears to be growing more indignant, the tension more taut.

Can Hitler afford to let this strife as-

sume more menacing proportions? Bismarck, Germany's iron chancellor, thought likewise to dominate the church and in 1870 gave his support to an anti-Vatican movement. In the end he was forced to yield. It is significant that Hitler in his now-famous book "My Battle," refers to Bismarck's failure and warns his followers that they must not make a similar error. "It is not permissible," he notes, "to promote a struggle against . . . clericalism. I must add my warning in case some immature mind in the Nationalist movement should imagine that it can do what Bismarck was unable to do." He adds, moreover, that anyone supporting a struggle with the church should be expelled from the Nazi ranks "on the spot."

Since writing these words, the German chancellor has apparently changed his mind. At one time, he himself took no part in the struggle between the two factions. But increasingly in the past two months, he has indicated his approval of those Nazi authorities who want to bring the church under the domination of the state.

Mexico: Like the United States, Mexico is now experiencing a period of labor



IT'S YOUR JOB, LAD!
HUTTON IN PHILADELPHIA INQUIRER

unrest. Workers in the oil fields have gone out on strike and refuse to return to work unless their employers are willing to grant them a 40-hour week with a basic wage of \$1.80 a day. Peculiarly enough, from the point of view of one living in the United States, the workers are demanding a six-day week, while the employers want the 40 hours to be concentrated in a five-day week. In addition, the employers claim that they can only afford to pay a basic wage of \$1.40. As we go to press, President Cardenas is still seeking to arrange a truce.

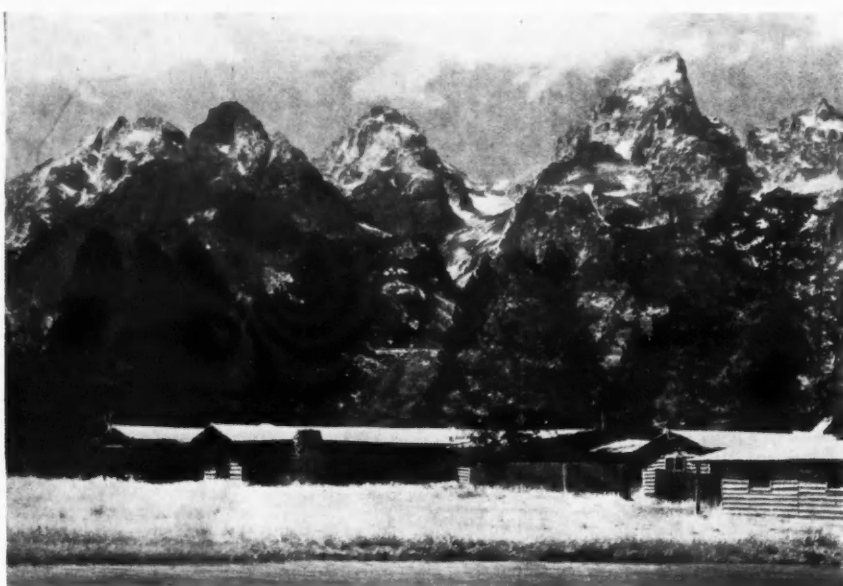
What complicates the situation is that Cardenas, though normally regarded as very sympathetic to labor, attempted to break the strike by supplying gasoline to the public from the government's reserves. It is reported that Cardenas took this action because he feared that if the strike were successful, it would considerably diminish his prestige while raising that of the union organizers who have been trying to organize all Mexican labor along industrial lines, in the manner of the CIO in our own country.

As a further move in his present program to unify the Chinese people in his support, General Chiang Kai-shek, the head of the Chinese central government, has now relaxed the strict censorship which during the past 10 years controlled the press. Newspapers are not yet free to criticize the Chinese government, but they may say anything they like about foreign countries, particularly Japan.



SPANISH REFUGEE CHILDREN IN GREAT BRITAIN

A few of the 4,000 children—refugees from civil war-torn Spain—enjoy their first good meal in months after arriving at Southampton, England. They will be cared for in a special camp until after the war.



THE MAJESTIC OUTLINE OF THE GRAND TETONS OF WYOMING
Sights like this greet the eyes of visitors as they travel to America's national parks. The tourist traffic to our great playgrounds is increasing each year.

Congress

Congress always tries to complete its work at each session before hot weather arrives in Washington, but there seems to be little prospect of its doing so this year. With many important measures only now being brought up for consideration, it seems that the nation's legislators will be busy for quite a while yet. These are some of the issues on which they are expected to take definite action before adjourning:

Relief. The \$1,500,000,000 work-relief bill has already been approved by the House and will almost certainly be passed by the Senate and signed before the end of this month.

Housing. Senator Wagner's proposal for creating a \$1,000,000,000 fund to finance slum clearance and low-cost housing projects will soon be ready for final action. It has been held in committee since February because of



AMELIA TRIES AGAIN
Amelia Earhart, American aviatrix, is again flying around the world. She is photographed saying good-bye to her husband at Miami, Florida, just before her departure.

a dispute over certain financial features of the bill, but a compromise is being worked out and will probably be acted upon.

Farm Tenancy. Legislation to aid tenant farmers and to enable them to become landowners has long been expected, but there have been wide differences of opinion over the methods which should be used and the amount of money which should be spent. According to a compromise agreed upon by Senator Bankhead, sponsor of the bill, and President Roosevelt, \$10,000,000 would be appropriated for the first year, \$25,000,000 for the second, and \$50,000,000 for the third. The best methods of using this money would be worked out slowly by experience. Congress is expected to approve this cautious beginning.

Reorganization of Departments. The recommendation which the President made early this year for reorganizing the various departments, bureaus, and independent agencies is one of the measures which the administration is particularly anxious to have passed. Certain features of it, however, which would give the President greater control than he now has over certain branches of the federal governmental machinery, have met with strong opposition. Moreover, one group, led by Senator Byrd, favors a more drastic reorganization in the interest of economy. Just what sort of bill will be passed in the end remains uncertain.

Reorganization of the Courts. The administration has recently made clear that it has

no intention of abandoning the President's proposal to reform the court system, although it seems to recognize the necessity of accepting certain modifications in the original plan. Senator Robinson is reported to be working out a compromise which would provide for an increase of a few number of Supreme Court justices than was originally suggested but which would still insist on speeding up the actions of the lower courts. The opposition insists that it will not agree to any increase at all. Some sort of bill to change the existing system will probably be acted upon, but exactly what form it will take remains in doubt.

Wages and Hours Law. Hearings are continuing on the Black-Connery bill to establish minimum wages and maximum hours of labor, and numerous suggestions have already been made for changing the original draft. The witnesses who have testified thus far have all expressed approval of its general objectives, although most of them have objected to a few of its specific provisions. A number of revisions will undoubtedly be made before the bill is finally accepted.

Six More TVA's. Plans are now under way in both houses to act upon President Roosevelt's message in which he asked for the establishment of six other regional planning agencies on the order of the TVA. After speaking of droughts, floods, and dust storms as evidences that we as a nation had not used our resources intelligently, he suggested the creation of the additional planning boards which would work for soil and forest conservation and the "prudent use of waters and water power."

Labor Troubles

As we go to press, close to 100,000 steel workers in Chicago, northern Ohio, and Indiana are involved in strikes. These workers are employed in the plants of Republic Steel, Youngstown Sheet and Tube, and Inland Steel. The prospect for a compromise does not seem promising.

While this industrial warfare rages, both sides are losing heavily. The nation's output of steel has dropped from 90 per cent of capacity production to 75 per cent. Canning



AT THE WAGE AND HOUR BILL HEARINGS
Secretary of Labor Perkins testifies on behalf of the Roosevelt administration's proposed wage and hour legislation before a joint session of the Senate and House Labor Committees. At the left, near Miss Perkins, is Senator Hugo Black of Alabama, co-author of the bill.

The Week in 1937

What the American People

factories are facing a shortage of tin plate as their peak season approaches. The steel companies are losing millions of dollars as a result of not being able to fill their orders, and the workers are losing millions of dollars in wages each week that the strike continues.

Once again these questions are being asked on all sides: Cannot something be done to settle industrial disputes in a more orderly and less costly manner? What can be done to protect the public interest when disputes arise between employers and workers? What about the National Labor Relations Board? Is it not supposed to have power to settle labor controversies?

As a matter of fact, the National Labor Relations Board has no power to act at all in an industrial dispute unless it is called upon by the workers to do so. If requested, it will hold an election in a plant to determine which union the majority of workers desire to represent them. After it has done this, the employers are legally required to bargain with this union. But what does it mean "to bargain" with a union? The Republic Steel Company claims that it has bargained with the C. I. O. steel union, but it refuses to sign a contract with it. Officials of the labor union, on the other hand, claim that "to bargain" means to sign a contract. Which is correct? This is just one point on which there is confusion. Many believe that Congress should decide this point at once.

There is also a growing demand that the power of the National Labor Relations Board be extended so that it can immediately, upon the outbreak of a conflict between employers and workers, hold an election in order to find out the desires of the majority of workers. As it is now, the leaders of both sides claim the support of the majority of workers, but it is impossible to know which is correct.

Mail Censorship

Should the United States Post Office Department, or any of its branches, set itself up as censor of the mails? In other words, should it refuse to allow anything being shipped in the mails except those things which are expressly forbidden by law, such as perishable foods? This question has arisen as a result of the recent action taken by the postmaster at Niles, Ohio, in refusing to allow packages of food and supplies to be delivered by postmen to besieged workers in steel plants. The workers in the plants had insisted on keeping their jobs after the majority of their fellow workers had walked out on strike. The strikers refused to allow food or supplies to be taken to the workers who stayed in the plants, so the attempt was made to get such supplies through by mail. But the postmaster at Niles would not allow the mails to be used in this way, and he was supported by Postmaster General Farley.

The action of the postmaster at Niles and Mr. Farley has aroused a storm of controversy. What right, it is asked, do they have to decide arbitrarily what shall or shall not be sent in



A COUPLE OF OLD ACQUAINTANCES DROP IN AGAIN
HERBLOCK FOR NEA SERVICE

the mails? This is dictatorial censorship of the worst kind, it is claimed. Moreover, it is said, the Post Office Department, by its action, is definitely siding with the workers against the employers. Why should it take sides in a labor dispute?

Postmaster General Farley defends his position by saying that the Post Office Department has always refused to deliver other than "normal" mail in troubled areas. He contends that it would actually be taking sides if it performed a service in a crisis which it never performed in normal times, such as delivering food and supplies under the present circumstances. Supporters of Farley contend that



WHAT KEEPS IT UP?
SWEIGERT IN SAN FRANCISCO CHRONICLE

pickets would protest against mail service under such conditions, and a great deal of trouble would ensue.

J. P. Morgan Speaks

Is it a moral crime for a taxpayer, in order to save money, to take advantage of every loophole in the tax laws, so long as he does not actually break a law? This is an issue which arose when President Roosevelt sharply criticized wealthy individuals who escape from sharing their part of the tax burden by seeking out loopholes in the tax laws. The President took the position that, for leaders of private industry, to try to get away with as much as they possibly can, without actually violating the law, was not setting a good example to the rest of the nation.

J. P. Morgan, upon his return from England, took issue with the President. He said that taxpayers who live up to the letter of the law should not be criticized for keeping their tax payments as low as it is legally possible for them to do. He insisted that a person is justified in taking advantage of every defect in the tax laws. It is up to Congress, he said, to make good laws, and if it does not, that is not the taxpayer's fault.

Regardless of who is right in this controversy over moral rights and wrongs, Congress is taking immediate action to investigate

the United States

le Doing, Saying, and Thinking



MY, WHAT GOOD LITTLE BOYS!
MESSNER IN NEWBURGH (N.Y.) NEWS

the present tax laws with the end in view of catching up the existing loopholes which actually do enable large taxpayers in escaping their share of the burden.

Trends in Ads

Advertising experts are predicting that in the near future there will be a noticeable change in the technique of advertising. Those selling their products through newspaper, magazine, and radio advertising are beginning to realize that greatly exaggerated claims often do not bring the desired results. Advertising which has some entertainment value or some



THE GHOST IN THE ROAD
BROWN IN AKRON BEACON-JOURNAL

interesting story to tell, it is felt, will tend to supplant the sensational direct appeals of the last few years. One method which is being used more and more is to present a series of pictures showing how to do something or other, with direct advertising confined to the name of the company. Again, advertisers are giving increasing thought to sponsoring columns by popular favorites such as Dale Carnegie, the author of "How to Win Friends and Influence People," or almost any well-known figure in the national life.

National Playgrounds

The 24 American national parks are preparing for a busy season this summer. They are expected to have more visitors during the next few months than during any other similar period in their history. Business conditions are still improving and millions of Americans are expected to travel during their vacations. The national parks, with their variety of attractions, can be counted on to draw their share of the tourists. Last season the total of visitors to the parks was over 6,000,000, breaking all past records.

The Shenandoah Park, in Virginia, and the Great Smoky Mountains Park, in North Carolina and Tennessee, are the biggest drawing cards since they are nearest to the great centers of population. More than 600,000 peo-

ple visited each of these two wilderness playgrounds during the 1936 season. Among the other 24 national parks, Rocky Mountain, in Colorado, Yellowstone, in Wyoming, Yosemite, in California, and Acadia, in Maine, are, in that order, the next most frequently visited.

Northwest Territory

This year marks the 150th anniversary of the founding of the Northwest Territory, the anniversary of the ordinance by which a government was established for all the territory north of the Ohio, east of the Mississippi, and west of the Appalachian Mountains. Since that ordinance belongs to the great state papers of our nation, and since the Territory has become what might be called the heart of the whole country, Congress has authorized a celebration of the event. Officially the celebration begins on July 13 and it will continue throughout the year.

One interesting feature which has been planned in this connection is a series of radio programs which will dramatize the development of the Territory. In all, there will be 100 programs. Several have already been given. Everyone interested in this fascinating part of American history will want to listen to some of these dramatizations. They are entitled "An Army of Peace," and thus far they have been presented on Sunday afternoon, from 5:00 to 5:30, eastern daylight saving time.

Doctors Meet

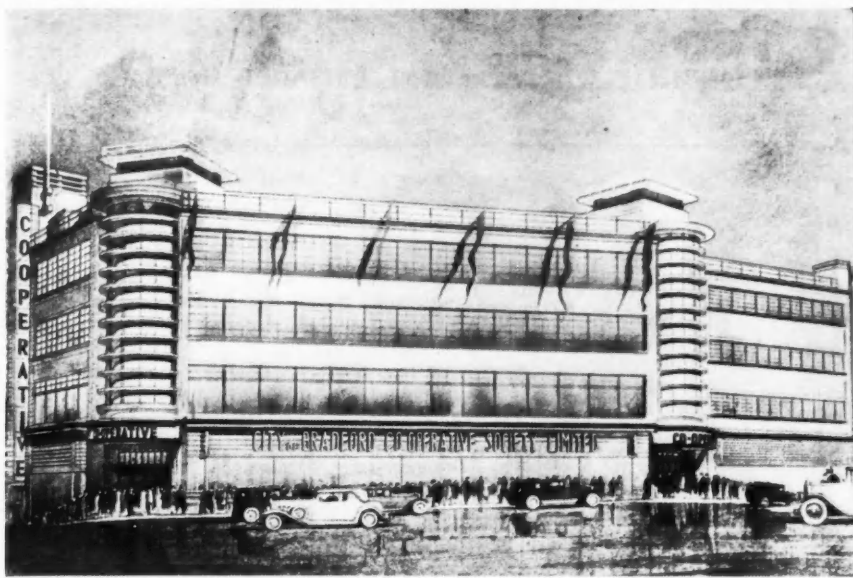
The American Medical Association, to which the great majority of the doctors of the nation belong, held its annual conference at Atlantic City a few days ago. It was one of the most important meetings in the history of the organization. The delegates took up the vital problem of what can be done to provide adequate medical care for the millions of American people who are now unable to afford it. Always in the past, the Medical Association has gone strongly on record against the proposition that the health of the people is the direct concern of government. Most of the nation's doctors have felt that if the government were to go into the business of supplying the masses of low-income families with medical services, it would eventually gain control of the medical profession, thus placing this field under political domination.

At the Atlantic City convention, however, a decided change of sentiment was apparent. The Medical Society of the State of New York, which is the largest single unit in the American Medical Association, introduced a resolution to the effect "that the health of the people is the direct concern of government and that a national public health policy directed toward all groups of the population should be formulated." At the time of this writing, it is not known whether or not the resolution will be adopted by the convention as a whole. But the fact that it has such heavy support among the doctors of the nation is highly significant.



THE LAW CHARGES

The spectacular battle which took place between the police and 1,500 C.I.O. unionists who attempted to storm the gates of a Chicago plant of the Republic Steel Corporation, recently. Four strikers were killed and nearly 100 were injured. 28 policemen were hurt.



THE CENTRAL PREMISES OF THE CITY OF BRADFORD CO-OPERATIVE SOCIETY, LTD.
(From an illustration in "The English Co-operatives," by Sidney R. Elliott.)

NEW BOOKS

Life in Tokyo

If you had a friend who had been living in Japan for many years, you would be less than human if upon his return you did not ply him with a thousand and one questions. Which is precisely what happened to Miss Katharine Sansom. "What is it like to live in Tokyo?" her friends and relatives wanted to know; and being quite obviously a gracious woman, she tried to answer all the variations on this one question by writing "Living in Tokyo" (New York: Harcourt Brace, \$5).

Let no one begrudge the publishers their legitimate profits; but if ever in an unpublishing mood, they should be moved to errands of mercy, let them by all means put out this volume in a cheaper edition. To read it is a joy. Problems and politics are scarcely mentioned at all, yet for reading these pages you will understand the more thoroughly the nature of Japanese politics. There is none here of that adventure of foreign correspondents; no blood on the moon, no ways of a transgressor. This volume is pitched to a quiet, intimate key. You will read it through, entirely absorbed, from first page to last, and then rub your eyes to make sure you are not in Tokyo.

Hitler's Drive

Ever since the publication of Hitler's sensational "My Battle," it has been a well known fact that one of the cardinal aims of the Nazi movement is to expand eastward. This desire, of course, is nothing new in German history. The prewar policy of "Drang Nach Osten" (Drive Toward the East), by which Germany sought to bring eastern Europe into her sphere of economic influence, was one of the disturbing factors which led to the outbreak of the World War.

Since 1933, the prewar pattern of German economic activity abroad has been revived on a grand scale. Nazi agents work steadily in Austria, Hungary, Czechoslovakia, Yugoslavia,

Rumania, Bulgaria, and Greece, in an effort to cement economic and political ties between those countries and the Reich. Through the medium of trade arrangements, and through the promotion of sympathetic political groups, the Nazis are doing their utmost to lay the foundation upon which they expect to build their future greatness.

This, at least, is the argument presented by E. Elwyn Jones in "Hitler's Drive to the East" (New York: E. P. Dutton and Company, \$1). Mr. Jones is a young English lawyer who has for several years been making investigations in the Central and Southern European countries. His report is not a startling one, for most of the facts have already found their way to publication in one place or another. But it is valuable to have them all brought together into a single volume, well organized and well documented. The author believes that Nazi activities will inevitably lead to war unless the democratic countries, particularly



DE COU FROM EWING GALLOWAY
THE GINZA, MAIN STREET OF TOKYO

Great Britain, reestablish their prestige and exercise once more the leadership which they have allowed to slip from their grasp.

England's Co-ops

In a recent book, "The English Co-operatives" (Yale University Press, \$3), Sydney R. Elliott tells the dramatic story of how a handful of co-operators have become an army, waging one continuous war against the great industrialists and their high-priced products. Sound business principles combined with an ideal of abundance for the masses have made possible the remarkable growth of co-operatives. Now, ninety-three years after the opening of the first co-operative store in Rochdale in 1844, the range of goods and services offered to members includes not only every kind of food, but also such things as electrical supplies, insurance, a newspaper, gramophone records, and coal. Beginning with retail selling, the co-operators now have their own wholesale system and extensive producing centers as well.

Mr. Elliott is frankly pro-cooperationist. On the subject of tariff protection, he becomes very bitter, for tariffs encouraged the growth of trusts, the enemies of co-operation. Even trade unions are not spared, for like the trusts, they have forgotten the consumer, subordinating every other interest to the increase of wages. Like price-fixing, this means restriction of production. Higher wages without co-operation will never increase real wages, he thinks. To achieve this end, co-operators must effect democratic control of industry.

Personalities in the News

Robert F. Wagner

It is reported that Democratic leaders in New York, including men who are close to the Roosevelt administration, are trying to get Robert F. Wagner to give up his seat in the United States Senate and run for mayor against Mayor LaGuardia. LaGuardia has been about as consistent in his support of the New Deal as any Democrat has, but he is normally a Republican, and so long as he sits in the mayor's chair, the Democratic organization in the city is deprived of power. The leaders of the party are, therefore, casting about for a candidate who can unite all the party factions. If that can be done, victory is assured, for the city normally votes Democratic by about nearly two to one.



H. B. E.
ROBERT F. WAGNER

It is doubtful whether Senator Wagner would accept such an assignment. He is one of the most powerful figures in the United States Senate. Other senators receive more publicity, but few, if any, have done so much important work. Wagner is the author of the social security plan, of the Wagner Labor Relations Act, and of the housing program which is now before Congress. Seldom has one man sponsored so much legislation of first-rate importance.

Senator Wagner was born in Germany, and since he is not an American of native birth, he is not eligible for the presidency. Were it not for this disqualification, he would, no doubt, be widely discussed as a possible successor to President Roosevelt, for he is a thoroughgoing New Dealer, a Democrat of the progressive wing who is thoughtful and constructive, and who commands the respect of all parties and factions.

Fernando de los Rios

The Spanish government has made it a practice of being represented in foreign capitals by men who have distinguished themselves as scholars and thinkers. Of these diplomats, none is more typical than the ambassador to Washington, Fernando de los Rios. He came to this country, last September, in circumstances which would have been trying to the most accomplished statesman, let alone to one who had never held a similar post. It was when the loyalist cause in Spain seemed most gloomy. His conduct while here has betrayed no feeling of resentment or anger toward those who have sought to overthrow the government.



H. B. E.
FERNANDO DE LOS RIOS

Senor de los Rios is a handsome man, 60 years of age. He traces his ancestry to Alonzo Pinzon, who was navigator to Christopher Columbus. As a young man, Senor de los Rios became interested in law and political science and he has pursued these subjects since. His abilities as a keen student of the law were recognized in his appointment to the faculty of Madrid University. Less welcome recognition of his liberal views came to him when he was thrown into prison during the reign of King Alfonso.

With the establishment of the Spanish republic, he began active participation in politics. Successively he held the ministries of instruction, justice, and foreign affairs. On September 1, 1936, he was chosen dean of Madrid University but gave up that office a fortnight later upon his appointment as ambassador. Senor de los Rios is no stranger to America. Previously, he had been in this country four times and had

lectured on Spanish culture at Columbia University.

Hans Dieckhoff

The newest member of the diplomatic corps in Washington is Hans Dieckhoff, the German ambassador. Hardly more than a month has passed since he began his duties so that official Washington has not yet arrived at an estimate of his abilities as Berlin's representative. It is true that Dr. Dieckhoff is well known in the capital, having served as counselor to the German embassy from 1922 to 1927. But that was at a time when Germany was a republic and her relations with the United States were most friendly. Under the Nazi dictatorship, these relations have from time to time been somewhat strained, so that the new envoy is called upon to deal with rather delicate matters.

However, Dr. Dieckhoff has had long training as a diplomat so that the German government looks forward to his improving and strengthening the friendship between the two nations. The envoy studied law at German, Swiss, and English universities. Before he had reached the age of 30, he entered the foreign service, interrupting his duties only to lead a cavalry regiment during the World War. After Chancellor Hitler assumed power, he was appointed chief of the Anglo-American department of the foreign affairs bureau and more recently was promoted to acting undersecretary of state for foreign affairs.

Dr. Dieckhoff is a brother-in-law of Joachim von Ribbentrop, the German ambassador to London. He looks considerably younger than his 53 years.

Martin L. Davey

Governor Martin L. Davey of Ohio is in the same uncomfortable position in which public officials usually find themselves whenever a serious industrial dispute occurs within their jurisdiction. Whether he calls troops to the scene of the steel strike in Youngstown, or refuses to, he favors one side or the other. And while he has not heretofore been considered as a champion of labor, in this instance he seems to be following the example set by Governor Murphy of Michigan in trying to negotiate a peaceful settlement.

Elected governor in 1934 after serving for nine years in Congress, Martin Davey has been the center of one political battle after another. He has been accused of favoritism in the appointment of state officials. He has come into vigorous conflict with the national administration over the distribution of relief. Recently he made bitter enemies among the unemployed by forcibly ejecting a delegation which staged a sit-down in the state capital. His policies in general have been attacked by many of the large newspapers in Ohio. Yet he gives no indication of being discouraged with his political career, and he still has many supporters.

His first public office was that of mayor of Kent, Ohio, the town in which he was born 52 years ago. His father was the famous tree surgeon, Dr. Davey, but the family was extremely poor. Young Martin determined to rise to a position of power and prominence. He built his father's tree surgery work into a \$3,000,000 business and he has won high political office, but in achieving his ambitions he has made many enemies as well as many friends during the last few years.



H. B. E.
HANS DIECKHOFF



MARTIN L. DAVEY



PRESIDENT WILSON ADDRESSES CONGRESS, RECOMMENDING THE DECLARATION OF WAR AGAINST GERMANY

Historical Backgrounds

By David S. Muzzey and Paul D. Miller

Propaganda in Wartime

THE issues which will face the American people in the event that the present conflict in Spain becomes a general European war will be essentially the same as those which confronted the United States late in 1914. It is useful, therefore, at this point to turn our attention back to those days in order to discern the difficulties which lay in our path. In the first place, it should be remembered that our official attitude was one of strict neutrality. When the United States issued a proclamation of neutrality it agreed to adhere to the rules of the game, which meant that it assumed the obligation, as expressed by Borah and Lage in their recent book,* "to hold the scales even, to remain a friend to both belligerents, to lend support to neither, to avoid passing judgment on the merits of their war."

Breach of Neutrality

To steer a neutral course in a general war, in fact as well as in name, would admittedly be extremely difficult. President Wilson made an appeal to the American people, "drawn from many nations, and chiefly from the nations at war," to remain neutral in thought as well as in action. "I venture," he declared, "to speak a solemn word of warning to you against that deepest, most subtle, most essential breach of neutrality which may spring out of partisanship, out of passionately taking sides."

This sound advice was followed by neither the American people nor the American government. Before many months had passed, there was an active taking of sides. Not only were the masses of people being stirred to partisanship, but the government itself soon descended from the heights of aloofness and took sides. It no longer remained a "friend to both belligerents," but soon found itself actively shaping its policy to help one of the contestants at the expense of the other. The following description of a cabinet meeting held early in 1915, given by Attorney General Gregory, is revealing of Mr. Wilson's neutrality of thought:

After patiently listening, Mr. Wilson said, in that quiet way of his, that the ordinary rules of conduct had no application to the situation; that the Allies were standing with their backs to the wall, fighting wild beasts; that he would permit nothing to be done by our country to hinder or embarrass them in the prosecution of the war unless admitted rights were grossly violated, and that this policy must be understood as settled.

Secretary of State Lansing admits that by the middle of 1915—two years before

* "Neutrality for the United States" (Yale University Press, \$3.50).

the United States entered the war—he had concluded "that Germany must not be permitted to win this war or to break even, though to prevent it this country is forced to take an active part. This ultimate necessity must be constantly in our minds in all our controversies with the belligerents. American public opinion must be prepared for the time, which may come, when we will have to cast aside our neutrality and become one of the champions of democracy."

But our neutrality had long been cast aside when we took the final step of officially declaring war upon Germany. The Wilson administration wanted Great Britain to win the war and if the rules of neutrality had to be thrown overboard in order to bring about that result, well and good. From the earliest days of the war, the United States actively helped the Allies at the expense of the Germans, thus engaging in the most unneutral of practices. American neutrality from 1914 to 1917 was purely a myth.

Use of Propaganda

"That deepest, most subtle, most essential breach of neutrality" against which President Wilson warned the American people was abetted by the effective use of propaganda. Naturally both belligerents tried to convince American public opinion of the righteousness of its own cause and the viciousness of its enemy's. But in this, the Allies had the upper hand. Not only did they have greater sums of money to spend for propaganda purposes in the United States, but they were able to inject large doses of propaganda into the news dispatches. Practically every news story of the war which came to this country was colored by the British censor.

Postwar studies have revealed that much of the so-called "news" of the war period was nothing more than propaganda. The stories of German atrocities in Belgium have been largely disproved by later evidence. Yet the wheels of propaganda play such a tremendous part in the shaping of public opinion that one must be aware of their existence if he is to avoid coming to ill-founded conclusions. The influence of propaganda in the next war would likely be even greater than in the past because of the effectiveness of the radio.



DAVID S. MUZZEY



Tax evasion among the wealthy. The need for a complete overhauling of our tax system. What changes should be made in the present laws?

THESE three imaginary students will meet each week on this page to talk things over. The same characters will continue from week to week. We believe that readers of THE AMERICAN OBSERVER will find it interesting to follow these discussions week by week and thus to become acquainted with the three characters. Needless to say, the views expressed on this page are not to be taken as the opinions of the editors of THE AMERICAN OBSERVER.

John: I see that the President is up to his old tricks again. Just when things are going badly for his court plan and the whole legislative situation is in a mess, he springs another scheme that is designed to enhance his popularity among the masses. I am referring, of course, to his tirade on tax evasions among certain wealthy citizens. He knows full well that the great bulk of people will eat up such a blast, for they are naturally antagonistic to what Mr. Roosevelt has so frequently called the "economic royalists." I contend that this latest move is purely political and is designed to cover up the President's miscalculations on revenue by placing the blame for an unbalanced budget on a few wealthy persons. It's getting to be a favorite political trick of his. Whenever anything goes wrong with his administration he lets out another blast at the wealthy. The rich are certainly taking it on the chin these days.

Charles: It seems to me, John, that it's high time something was done to eliminate the abuses to which certain wealthy people resort. Why should you and I dig into our pockets and honestly pay our taxes only to find that a few of those who are in a position to bear the tax burden are able to escape by trickery and scheming? I'll admit

do the same thing if I were in his place.

John: Don't think for a minute that I am trying to condone the action of the minority of tax evaders. I agree with you both that their action is contemptible. At the same time, it seems to me that at least part of the blame for this sad state of affairs may be placed at the administration's own door. In the case of the evaders who clearly violate the law, it is a question of enforcement. If the Roosevelt administration has been lax in enforcing the law, it should not fulminate against the violators but should get busy. In the case of the so-called loopholes through which wealthy taxpayers may escape, it seems to me that it should be the responsibility of the administration to recommend legislation to plug them up. As I said at the beginning of our conversation, I suspect that the main objective of this whole business is political propaganda rather than anything else.

Charles: Whatever the President's motives in calling for a congressional investigation, I think he will have performed a very useful service to the American people if he stirs up an interest in the subject of taxation. It is high time, I think, that the whole tax system was carefully scrutinized and that efforts were made to work out a more scientific arrangement. The whole system is an abomination. There is overlapping between state and local and federal taxes. Nearly a billion dollars of income goes untaxed year after year because the government bonds are tax exempt. About three and a half billion dollars paid out in the form of wages and salaries by the state and local governments throughout the nation are not taxed by the federal government under the present laws. Immediate action should be taken to enable the federal government to tap these sources of income. I think the Roosevelt administration's central philosophy of taxation is sound; that is, that those in the upper income brackets should be obliged to bear the heaviest burden, but I see no reason why the rates in these brackets should not be boosted.

John: I don't know what you're talking about, Charles. Do you realize that the rates on large incomes are already so high as to amount practically to confiscation?

Charles: I'm not referring to the very high incomes. That rate, I'll admit, is already pretty steep. But I think that people in the middle brackets—say from \$5,000 up—could pay a heavier tax without

suffering greatly. These groups would be able to furnish much additional revenue.

Mary: I quite agree with you that income derived from government bonds should not be tax exempt and that government employees should not be relieved of the burden of contributing to the federal government. I don't quite understand why a person whose salary is \$2,500 a year should pay a tax to the federal government while another whose income of \$2,500 is derived from interest on government bonds or from a state or local government should pay no tax. All these things would help, I know, but they would not provide sufficient income. And while the middle brackets might stand a higher tax rate, they could not provide sufficient revenue to make up the deficit. The govern-

ment could confiscate the entire income of all persons earning \$50,000 or more a year and still not have enough to cover this year's deficit.

Charles: Well, how do you propose to modify the tax system, Mary?

Mary: I would lower the exemptions, so as to broaden the base of the entire tax structure. In this way, we could eliminate many of the indirect taxes which are so insidious. These hidden taxes fall upon the great masses, but they do not make the payers tax-conscious. It would be far better if the taxes were direct and in the open. Then the citizens would take a greater interest in the working of the government. They would insist that waste and extravagance be eliminated. They would take a more active interest in the workings of government. As it is, they are not aware of their tax burden and consequently show little interest in government expenditures. At the same time, we might well graduate the tax rate so as to place a greater share of the burden upon those in the moderate income groups. We might just as well reconcile ourselves to the fact that there are simply not enough very wealthy persons in this country to provide the revenue needed by the federal government.

John: I think we are all agreed that the present system is sadly in need of a complete overhauling. We differ as to the precise steps which should be taken. Charles seems to be committed to a soak-the-rich system. I object to that on the ground that it tends to stifle business. The Roosevelt administration's program has done a great deal to injure business enterprise. The undistributed profits tax, the President's latest contribution to a "scientific" tax system, prevents corporations from accumulating the reserves which are necessary for expansion and for lean years. Throughout his administration, the President seems to have used taxes as a political weapon to enhance his prestige. In a word, he has been demagogic in his taxation policy, rather than scientific, and the result has been the worst possible confusion.

I agree with Mary the exemptions should be lowered so that more persons were obliged to make direct contributions to the upkeep of government. This would be a more honest way of dealing with the problem, and if it were followed the destructive taxes which now weigh so heavily upon business enterprise could be repealed.

Charles: Did it ever occur to you, John, that shifting a greater part of the tax burden to the low-income groups would have the same effect as reducing their wages? One of our principal difficulties at present is the lack of purchasing power among the masses. If their purchasing power is further reduced by the federal tax policy, we can never hope to have economic stability. I think the government should use its taxing power to effect deep economic changes, that is, to bring about a redistribution of income, thus increasing the consuming power of the nation. If we revise the system in such a way as to shift more of the burden to the low-income groups we are going to throw the whole economic machine more out of kilter than it is at present.

Mary: Perhaps you are right, Charles. But that opens up an entirely different field for discussion. It would be a fine thing if the investigation of tax evasion recommended by the President were expanded so as to include an examination of the whole subject of taxation. A thorough study of the subject will have to be made sooner or later and no better opportunity could be found than the one afforded by the recommendations contained in the President's latest message.



A LITTLE TOO SMART

CASSEL IN BROOKLYN DAILY EAGLE

SMILES

Clothier: "Were you pleased with the overcoat I sold you?"

Customer: "Oh, yes. All my boys have worn it."

Clothier: "Well, well!"

Customer: "Yes; each time it has been worn in the rain the next smallest one has to take it."

—Edinburgh DISPATCH

Tourist: "When I was here last there were two windmills. What has become of the other one?"

Native: "We had to take it down."

Tourist: "Why?"

Native: "There was only wind enough for one."

—Edinburgh DISPATCH

Many people believe that we should have a census of the jobless. A good way to cure idleness would be to hire the unemployed to count themselves.

—NEW YORKER

"Nine out of ten explorers in the South American jungle have stumbled across ancient ruins," remarks a writer. The tenth, we suppose, looked where he was going.—HUMORIST

"You often cook much more for dinner than we use, darling."

"Of course! If I didn't, how could I economize by making left-over dishes?"

—Galt (Ont.) REPORTER

The meek little man came up to the policeman on the street corner.

"Excuse me, constable," he said, "but I've been waiting here for my wife for over half an hour. Would you be kind enough to order me to move on?"

—ANSWERS (London)

"William," said mother severely, "there were two pieces of cake in the pantry when I went out, and there is only one now. How is that?"

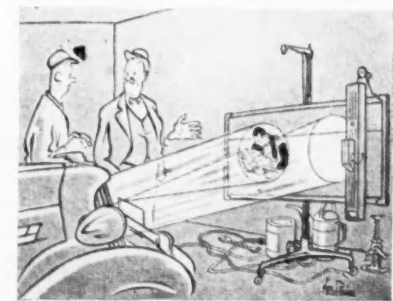
"I don't know," said William, "but it was dark, and I suppose I didn't see the other piece."

—Atlanta TWO BELLS

News by radio can't take the place of a newspaper. You can't hunt it up later to settle an argument.

—Akron BEACON-JOURNAL

PRONUNCIATIONS: Doumergue (doo-mairg'), Flandin (flon-dan'), Laval (la-val'), Sarraut (sa-ro'-o as in go), Poincaré (pwan-ka-ray'), Thorez (to-ray'-o as in go), Doriot (do-ryo'—both o's as in go), Almeria (al-may-ree'a), Chiang Kai-shek (chyang' ki shek'—i as in ice), Fernando de los Rios (fair-nan'do day' los ree'-os—all o's as in or), Alonzo Pinzon (a-lon'tho peen-thon'), Hans Dieckhoff (hons' deek'hoff'), Joachim von Ribbentrop (yo-ahk'him fon' rib'ben-trop').



IT'S THIS HEADLIGHT THAT'S GIVING ME TROUBLE. IT SHOWS MOVIES.

GEORGE PRICE IN COLLIER'S



NEW DEAL SYMPATHY

BROWN IN N. Y. HERALD-TRIBUNE

that plugging the loopholes in the present tax laws will not bring about a balanced budget, but at any rate it will help, and more important still, it will teach everyone that the government means business and is not giving privileges to special groups.

Mary: Just think of it, wealthy Americans setting up personal companies abroad in order to get out of paying the income tax. Look at the case of the wealthy woman who paid her husband a salary to manage her country estate in order to deduct his salary as an expense, and of the incorporation of yachts by wealthy people. No wonder the President has declared war on these tax dodgers and has requested Congress to conduct a thorough investigation of the whole subject! I would certainly

Propaganda and the Spanish War

(Concluded from page 1)

crusade, with the supporters of each camp contending that it is bearing the torch of civilization and its enemies are seeking to throw the world back into barbarism.

Facts Hard to Obtain

It has become all the more difficult for the American people to maintain an attitude of calmness and aloofness in the midst of the heat because of the difficulty of obtaining true and impartial accounts of what has actually been happening in Spain since July 1936. As we pointed out in our article two weeks ago, the strict censorship maintained on both sides has made accurate reporting practically impossible. Even as seasoned a reporter of the European scene as Miss Dorothy Thompson admits her complete inability to get factual data on events in Spain. She explains some of the difficulties in a recent column appearing in the New York *Herald-Tribune*:

I have talked with half a dozen of the most reliable American reporters who have been in Spain, men whom I have known for years, in whose honesty I have confidence, but from the sum total of their impressions one gets no synchronized picture. Even such arithmetical details as the amount of German and Italian intervention on the one hand, and the size and composition of the International Brigade on the other, do not add up to anything even approaching agreement. They vary according to the headquarters from which they are sent. And this simply means that the civil strife in Spain occurs in a complete anarchy of word opinion. . . . After following the strife for months as closely as I can, I positively do not know even approximately how much support there is among the Spanish people themselves for Franco. I distrust all that I read, and obviously must do so.

If the lack of reliable information on the Spanish scene were the only handicap, it might still be relatively easy for the American people to remain detached and to preserve an attitude of neutrality. But when the rebellion broke out last summer, American public opinion was already lined up to a certain extent with the two opposing camps. The Popular Front government, then in power, already had strong sympathizers and opponents. American liberals and radicals were generally in favor of the policies which it had undertaken to put into effect, just as American liberals and radicals have been sympathetic with the Popular Front government of France. A basic economic and social philosophy was involved. Thus the liberals and radicals were naturally opposed to the attempts of General Franco to unhorse the Spanish government and seize power. This would have meant a defeat for the forces and principles for which they stood and a victory for reaction.

Fascists and Communists?

To make matters worse, the fascist symbol was immediately tacked on to the Franco forces. Suspicion was immediately aroused when reports leaked through that the two great fascist powers of Europe—Germany and Italy—were actively backing General Franco. It was only natural that liberals and radicals in this country should oppose the Rebels because a Franco victory would mean the establishment of another fascist dictatorship in Europe and thus weaken the cause of liberalism and democracy. From the very beginning, therefore, Americans of left-wing tendencies lent their support (often merely moral support) to the Loyalists.

The forces which immediately lined up with the Rebels also represented influential sections of American public opinion. Just as the fascist label was tacked on to the Franco followers, so the Loyalists were called communists. There was only a partial justification for this, for while it is true that the Spanish Popular Front was supported by the Communist party, it was also supported by other left-wing elements, including Socialists and liberals generally. American conservatives were naturally opposed to a victory for this coalition of liberal and radical parties. The situation was rendered more difficult by the re-

ligious element, for the Popular Front government had taken an aggressive stand against the Catholic Church in Spain, which resulted in stirring the opposition of Catholics everywhere. Since the Communists of Russia actively supported the Loyalists, it was not difficult to convince people that a Loyalist victory in Spain would have the same results as the establishment of Communism in Russia in 1917.

This natural cleavage of opinion in the United States has, as we have pointed out, led to the establishment of numerous organizations bent on furthering their particular

strong language. In an article appearing in the March 27 issue of *The Nation*, Louis Fischer, long an authority on Soviet Russia and a strong sympathizer of the Spanish Loyalists, writes as follows:

It is fairly safe to assume that President Roosevelt and Secretary Hull are anti-fascist in their convictions—but not in their deeds. At this moment a brazen invasion of Spain is going on. The fascist powers, in undisguised violation of their own signatures, of every canon of international law, of every principle of decency and humanity, are trying to crush the Spanish people and their democratically elected, legally constituted govern-

what should be the attitude of the United States government? Up to the present, it has striven to pursue a policy of strict neutrality by refusing to do anything likely to aid either the Loyalists or the Rebels. It has declared an arms embargo against both sides. At the time of the German bombardment of a Spanish seaport, strong pressure was brought to bear upon the President to declare that a state of war existed between Germany and the Spanish Loyalists. Many liberals in Congress urged such action upon the President. Should such a declaration be made by the Chief Executive, the shipment of all arms to Germany, as well as to the Loyalists, would be outlawed, as provided by the Neutrality Act. He may also put into effect other measures designed to keep and preserve American neutrality. But it is hardly likely that such action will be taken, unless there is an actual declaration of war by the powers involved in the Spanish crisis or unless the Germans and Italians become more deeply involved than at present.

If War Should Come

Despite this official aloofness, there is no mistaking the trend toward moral unneutrality on the part of large sections of the population. So long as the Spanish war does not spread, there is little likelihood that this taking of sides will have serious consequences. But if a general war should break out involving England and France and Russia on the one side and Germany and Italy on the other, it might take a serious turn. An overwhelming majority of Americans are probably already more sympathetic toward the democratic nations. President Roosevelt has on several occasions expressed such sympathy, and the general revulsion against certain Nazi policies has turned a large section of American public opinion against the Germans. Under these circumstances, it would be as difficult to maintain an attitude of strict neutrality as it was during the early days of the World War.

There is a strong body of opinion in this country which believes that it would be to the best interests of the United States definitely to take sides with the democratic nations now, in advance of the outbreak of a new war. This point of view contends that not only are our interests identical to those of France and England, for example, but that we would be able to preserve peace by letting it be known in advance that we would support them. Naturally such a lining up would involve a complete reversal of the present official stand on neutrality.

Consequences

There is no way of knowing how influential this body of public opinion has become. Certainly it is meeting with stiff opposition from those who feel that it would lead to catastrophe, just as it did in 1917. We may lend our sympathies to the democratic nations against the fascist powers, but by so doing we must be prepared to take the consequences which would be the same as they were 20 years ago. A clear statement of this argument is to be found in A. J. Muste's article which appears in the current issue of *The American Scholar*:

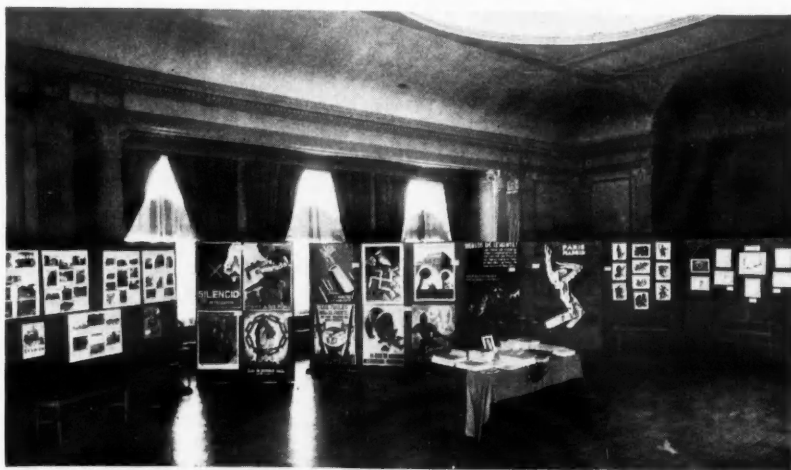
. . . it is indeed disquieting to find that precisely our liberals, socially minded idealists, and radicals are today in large numbers tricked into romantic and wishful thinking and arguing that just one more war "to stop the mad fascist dogs," a war of the peace-loving and democratic countries against the aggressive, fascist nations, may be unavoidable and justifiable and may serve to protect democracy and usher in a less warlike and more just social order—that another war fought with much more deadly weapons, more intense bitterness and more complete regimentation than the last will by some magic produce all the goods which the World War so obviously and utterly failed to produce. One would have thought it would require more than the substitution of the word "dog" for "Hun," "Fuehrer" or "Duce" for "Kaiser" and "fascism" for "autocracy" to give currency and plausibility to such an amazing piece of reasoning as this.

THE AMERICAN PUBLIC IS URGED BY ADVERTISEMENTS IN THE PRESS TO SYMPATHIZE WITH AND HELP ONE SIDE OR THE OTHER IN SPAIN.

cause. The influence of groups already entrenched was also brought to bear upon the Spanish conflict. We find today the Spanish Anti-Fascist Committee, the American Association Against Communism, the American Committee for Spanish Relief, the Spanish Information Bureau, the American League Against War and Fascism; these and dozens of other organizations all plunged into the verbal fray, each one trying to bring public opinion around to its particular point of view. It is not at all unusual to find Rebel sympathizers using the following strong language to describe those newspapermen who represent the other side of the conflict: ". . . our supposedly free and independent American

ment. Apparently that does not matter to us. We sit by idly and contentedly, denying Spanish democracy the means to defend itself. Neutrality followed to its logical conclusion has made America effectively pro-fascist.

Each side seems to be attempting to outdo the other in furthering its particular cause. Naturally, the religious element is brought prominently into play. Thus, the *New Republic*, liberal weekly, quotes from a speech made by the Spanish ambassador to France to bolster the case of the Loyalists. "A Christian cannot be a fascist," he declared, "because Christianity stands for the liberation of the human spirit and respect for human personality, while fascism is the negation of freedom, setting up op-



THE BALLROOM OF THE SPANISH EMBASSY IN WASHINGTON
Parties are no longer given at the embassy while the civil war is in progress. Instead lectures and propaganda are the order of the day, in order that the Spanish government's viewpoint may be presented.

press is being sabotaged from within its rapidly crumbling walls by a miscellaneous set of radical fanatics, radical rascals, and congenial ignoramuses, in the shape of incompetent or treacherous 'foreign correspondents,' and a raffia of badly educated, underpaid, and miserably mistreated 'reporters' and copy-desk editors, many of whom cannot understand, or make, a plain statement in plain English. . . .

If we turn to the other side of the controversy, we find the use of equally

pression and a regime of force—and that not even in the service of the poor but to safeguard the privileged classes." A defender of General Franco, a retired British army officer, lecturing in New York declares: "I look upon General Franco as the champion of Christianity against communism in western Europe. The churches are open and full; there has been a wonderful revival of religious fervor throughout Spain—Franco's Spain."

In the light of this great battle of words,